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No major Rewald-CIA link found

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A review of secret Central Intelligence Agency documents has revealed no "substantial financial transactions" between the CIA and Ronald Rewald, the men in charge of Rewald's bankrupt company said yesterday.

However, a document prepared by the bankruptcy trustees says the spy agency may not have properly "investigated and monitored" Rewald's activities.

Documents concerning the nature and extent of the relationship between Rewald and his company — Bishop Baldwin Rewald Dillingham and Wong — and the CIA have been under federal court seal since the investment counseling firm entered bankruptcy in August.

Rewald has maintained that the company was formed and operated at the behest of the CIA and that the spy agency should be responsible for millions of dollars in claims against the defunct firm filed by angry investors.

Robert Smith, attorney for Rewald, termed yesterday's development "inconclusive."

The men who took control of the firm when it went belly up — administrative controller Thomas Hayes, bankruptcy trustee Reynaldo Grauly and their attorneys — recently were allowed to review the sealed CIA documents and comment on their contents.

They said in a statement yesterday that they were allowed access to almost everything held under court seal, but were denied access to a "declaration" filed March 1 by CIA Director William Casey. Grauly reported that "the CIA alleges that this declaration reaffirms information" contained in other sealed documents which were made available.

The documents they did see confirmed what they have been saying all along.

"There is (in the trustee's opinion) no credible evidence of any substantial financial transactions between the CIA, or any other intelligence agency of the United States government, and BBRDW, Mr. Rewald, or any affiliated entity," yesterday's statement said.

"According to the analysis which the trustee has made, of the \$20,418,500 which was received by the corporation, only approximately \$3,000 was paid by or on behalf of the CIA to reimburse the company for miscellaneous expenses," the statement said.

The expenses involved such things as telex charges, long-distance telephone charges and stationery.

"These reimbursements were made because the corporation had incurred minor expenses from time to time to provide a 'commercial cover' for agents of the U.S. government whose true identities the government wished to conceal and Mr. Rewald was willing to assist in this endeavor," the statement said.

Other than that, the statement said, no company money was paid "directly in connection with 'CIA projects' (overt or covert)."

However, trustee Grauly and his associates seemed to move closer to saying that the CIA may have some liability in the case.

They said Rewald had access to "sensitive government information and documents" and this permitted him "to assert or imply a greater association or involvement with the CIA than the CIA now contends actually existed." Grauly said "the CIA and possibly other governmental agencies" may not have exercised "the required degree of care and diligence" necessary in its dealings with Rewald.

Grauly went on to say that the trustee's office "might pursue a claim against the CIA or any other governmental agency" if further investigation justifies it and if the office "is economically able to do so."